

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 AGR-05 CIAE-00 COME-00

INR-05 LAB-01 NSAE-00 RSC-01 SP-02 STR-01 TRSE-00

SWF-01 CIEP-01 FRB-01 OMB-01 SSO-00 L-02 NSCE-00 /051 W

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R 271300Z NOV 74

FM USMISSION GENEVA

TO SECSTATE WASHDC 9413

USMISSION EC BRUSSELS

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DEPARTMENT PASS CIEP FOR JURICH

E.O. 11652: N/A

TAGS: ETRD, GATT

SUBJECT: TEXTILES: DISCUSSIONS WITHE EC OFFICIALS

1. FOLLOWING IS DRAFT TEXT OF LETTER FROM US REP, TEXTILES SURVEILLANCE BODY, TO CHAIRMAN WURTH OF TSB CONVEYING US WRITTEN RESPONSE TO QUESTION PUT BY EC TSB REP MEYNELL THROUGH TSB CHAIRMAN REGARDING INTERPRETATION PARA 2 ARTICLE 4 OF MFA.

2. MISSION REQUESTED AS PER PHELAN-JOHNSTON NOVEMBER 27 TELECON DELAY CONVEYANCE TEXT TO MEYNELL PENDING RECEIPT AUTHORIZATION FROM JURICH.

3. TEXT FOLLOWS:

QUOTE: AMBASSADOR P. WURTH, CHAIRMAN,
TEXTILES SURVEILLANCE BODY, GATT SECRETARIAT - ANNEX II,
PALAIS DES NATIONS, GENEVA

DEAR MR. CHAIRMAN:

I REFER TO YOUR LETTER OF OCTOBER 28, 1974 REQUESTING
CLARIFICATION AND CERTAIN ADDITIONAL INFORMATION REGARDING
THE BILATERAL TEXTILE AGREEMENT RECENTLY CONCLUDED BETWEEN
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THE UNITED STATES AND INDIA. YOU WILL RECALL THAT, IN MY REPLY

OF NOVEMBER 8, 1974 TO THAT LETTER, I RESPONDED TO ALL QUESTIONS EXCEPT QUESTION 2 WHICH WAS "WHETHER, IN SOME SENSE OF THE WORD 'SELECTIVE', THE TERMS AND PROVISIONS OF ARTICLE 4, PARTICULARLY PARAGRAPH 2 THEREOF, REQUIRE A SELECTIVITY IN THE RESTRAINTS NEGOTIATED IN THE BILATERAL AGREEMENTS UNDER THIS ARTICLE". I AM NOW INSTRUCTED BY MY GOVERNMENT TO PROVIDE THE FOLLOWING COMMENT IN RESPONSE TO THIS REMAINING QUESTION.

IN THE COURSE OF THE NEGOTIATION OF THIS ARRANGEMENT, THE UNITED STATES DELEGATION, IN SEVERAL STATEMENTS BEFORE NEGOTIATING GROUPS, MADE CLEAR THAT THE UNITED STATES, IN ACCEPTING THE LANGUAGE OF THIS PARAGRAPH, WOULD NOT REGARD SUCH LANGUAGE AS BARRING THE CONCLUSION OF COMPREHENSIVE BILATERAL AGREEMENTS. INDEED IT WAS ALSO MADE CLEAR, WE THOUGHT, TO ALL DELEGATIONS THAT SUCH AN INTERPRETATION WAS A SINE QUA NON TO U.S. PARTICIPATION IN THE ARRANGEMENT. AT THE TIME THIS LANGUAGE WAS NEGOTIATED, UNITED STATES REPRESENTATIVES ALSO TOOK THE POSITION THAT ANY CONTRARY INTERPRETATION OF PARAGRAPH 2 WOULD OBTAIN ANY NEED AT ALL FOR AN ARTICLE 4 AND, IT FOLLOWED, FOR THE LIBERALIZING PROVISIONS OF THAT ARTICLE WHICH THE UNITED STATES REGARDS AS THE ESSENCE AND INTENT OF THE ARRANGEMENT. THE UNITED STATES NOTED THEN THAT ANY IMPORTING COUNTRY WHICH WISHED TO TIGHTEN ITS IMPORT RESTRICTIONS AND WAS PREPARED TO DEMONSTRATE MARKET DISRUPTION COULD AND SHOULD DO SO UNDER THE PROVISIONS OF ARTICLE 3. ON OUR PART, HOWEVER, WE FELT THAT THE EXPRESSION "BE MORE LIBERAL ON AN OVERALL BASIS" WAS REALLY THE MAIN OBJECTIVE OF THIS ARRANGEMENT, AN OBJECTIVE THAT IS STATED OR IMPLIED IN MANY OTHER ARTICLES OF THE ARRANGEMENT. THIS, IN THE VIEW OF THE UNITED STATES, IS THE REAL TEST OF CONSISTENCY WITH THE ARRANGEMENT; NOT WHETHER THE AGREEMENT IS SELECTIVE BUT WHETHER, IN ITS OVERALL EFFECT, IT CONTRIBUTES TO THE ORDERLY EXPANSION OF TEXTILE TRADE.

THE UNITED STATES BELIEVED THEN AND CONTINUES TO BELIEVE THAT INCREASED ACCESS ON ORDERLY TERMS TO DEVELOPED COUNTRY MARKETS WAS THE CENTRAL AIM OF THE NEGOTIATORS. IN ITS SUSTAINED EFFORT TO RENEGOTIATE ITS BILATERAL AGREEMENTS INTO CONSONANCE WITH THE NEW ARRANGEMENT, THE UNITED STATES HAS DONE ITS BEST TO ACHIEVE THIS AIM, AN EFFORT WHICH COULD NOT HAVE BEEN UNDERTAKEN UNDER ANY OTHER INTERPRETATION OF ARTICLE 4 PARAGRAPH 2.

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THE UNITED STATES RECOGNIZED AT THE OUTSET THAT THERE HAD TO BE SOME ELEMENT OF "REAL RISK OF MARKET DISRUPTION" IN THE NEGOTIATION OF AN ARTICLE 4 BILATERAL AGREEMENT AND, BY EXTENSION, SOME ELEMENT OF SELECTIVITY. IN PURSUIT OF THIS RECOGNITION, THE UNITED STATES HAS NEGOTIATED SPECIFIC LIMITS IN ITS BILATERAL AGREEMENTS ONLY ON THOSE CATEGORIES OF TEXTILE PRODUCTS WHERE BOTH PARTIES TO THE BILATERAL HAVE RECOGNIZED A RISK OF MARKET DISRUPTION. WE

HAVE, THEREFORE, IN A CONCRETE SENSE, RECOGNIZED THE SELECTIVITY CONCEPT. AT THE SAME TIME, MY GOVERNMENT HAS ALSO RECOGNIZED THAT THE PROVISIONS OF PARAGRAPH 3 OF ARTICLE 4 CONSTITUTE THE PRICE TO BE PAID BY THE IMPORTING COUNTRY FOR COMPREHENSIVE AGREEMENTS. IN TERMS OF INCREASED MARKET ACCESS UNDER ORDERLY CONDITIONS, THIS CONCEPT OF ARTICLE 4 CAN AND SHOULD BE OF GREAT BENEFIT TO BOTH EXPORTING AND IMPORTING COUNTRIES AND TO WORLD TEXTILE TRADE IN GENERAL.

MY GOVERNMENT BELIEVES THAT THE PROVISIONS OF ITS BILATERAL AGREEMENTS ALREADY NOTIFIED AND THOSE ABOUT TO BE NOTIFIED WILL BE FOUND TO BE IN OVERALL CONSISTENCY WITH THE SPIRIT OF THIS ARRANGEMENT, WITH THE PROVISIONS AND INTENT OF ALL THE PARAGRAPHS OF ARTICLE 4 AND WITH OTHER RELEVANT ARTICLES OF THE ARRANGEMENT.

SINCERELY, HARRY M. PHELAN, JR., MINISTER-COUNSELOR.

UNQUOTE.DALE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TEXTILES, TEXT, MEETING AGENDA, MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 27 NOV 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974GENEVA07183
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740345-0161
From: GENEVA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t1974119/aaaaagtu.tel
Line Count: 131
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 11 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <11 APR 2002 by izenbei0>; APPROVED <14-Aug-2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TEXTILES: DISCUSSIONS WITHE EC OFFICIALS
TAGS: ETRD, GATT
To: STATE EC BRUSSELS
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005